

Message Text

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15

ORIGIN XMB-04

INFO OCT-01 NEA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-02 OMB-01 PA-02 USIA-15 PRS-01 /064 R

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DRAFTED BY XMB:BABDESLEM

APPROVED BY EB/OCA/REP:JBRABENS

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NEA/INS:RBMORLEY

EB/IFD/ODF:BGCROWE

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R 042201Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

UNCLAS STATE 025541

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: EXIMBANK FINANCING FOR AIR INDIA

1. EXIMBANK HAS AUTHORIZED A CREDIT TO AIR-INDIA, WITH THE OPTION TO CHOOSE BETWEEN TWO FINANCING PLANS.
2. THE FIRST OPTION STATEES THAT EXIMBANK FINANCE 40 PERCENT OR DOLS 16,000,000 CREDIT; THE BORROWER MAKE A CASH PAYMENT OF 10 PERCENT OF THE COST OR DOLS 4,000,000; THE BALANCE OF 50 PERCENT OR DOLS 20,000,000 WILL BE EXTENDED BY A CONSORTIUM OF BANKS HEADED BY FIRST NATIONAL CITY BANK AND WILL NOT BE GUARANTEED BY EXIMBANK.
3. THE SECOND OPTION STATES THAT EXIMBANK WILL FINANCE 30 PERCENT OR DOLS 12,000,000 CREDIT; THE BORROWER MAKE A CASH PAYMENT OF 10 PERCENT OF THE COST OR DOLS 4,000,000; AND THE BALANCE OF 60 PERCENT OR DOLS 24,000,000 BE EXTENDED BY A

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CONSORTIUM OF BANKS HEADED BY FIRST NATIONAL CITY BANK - OF

WHICH 30 PERCENT OR DOLS 12.000.000 WILL BE GUARANTEED BY EXIMBANK AND THE REMAINING 30 PERCENT OR DOLS 12,000,000 WILL BE UNGUARANTEED.

4. REPAYMENT IN BOTH OPTIONS IS TO BE MADE SEMIANNUALLY OVER A PERIOD OF 10 YEARS, BEGINNING 6 MONTHS FROM DATE OF DELIVERY BUT NOT LATER THAN JUNE 30, 1976. PRIVATE FINANCING REPAYABLE FROM THE EARLY INSTALLMENTS. EXIMBANK REPAYABLE FROM LATER INSTALLMENTS.

5. REQUEST EMBASSY ADVISE AIR-INDIA OF THIS ACTION, WHICH WILL BE DETAILED IN LETTER TO AIR-INDIA. FURTHER ADVISE BORROWER NEWS RELEASE INCLUDING ABOVE DETAILS SCHEDULED FOR ANNOUNCEMENT HERE NEXT TWO WEEKS UNLESS EMBASSY OR BORROWER STATE OBJECTIONS. EMBASSY WILL BE PROVIDED FINAL TEXT OF RELEASE PRIOR TO WASHINGTON RELEASE.

6. OTHER THAN DISCUSSION WITH BORROWER, REQUEST ABOVE INFORMATION BE WITHHELD PRIOR TO SUBJECT PRESS RELEASE.
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